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Brown Brothers & Co.

Denmark; agriculture,
commerce, finance

New York

c1920

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Denmark

AGRICULTURE
COMMERCE
FINANCE

BROWN BROTHERS & CO.
59 WALL STREET

PHILADELPHIA

NEW YORK

BOSTON

Denmark
AGRICULTURE
COMMERCE
FINANCE

BROWN BROTHERS & CO.
59 WALL STREET
PHILADELPHIA NEW YORK BOSTON

MAR 20 1920

ROYAL
DANISH LEGATION
WASHINGTON, D. C.

File of the President

March 8th 1920.

Messrs. Brown Brothers & Co.,
59 Wall Street,
New York City.

Dear Sirs:

It has been a great pleasure to me to read your pamphlet on the economic conditions in Denmark. You have studied thoroughly and accurately the progress which the Danes have made and the degree of efficiency which we have reached in production and trade, and I wish to thank you for rendering justice to the results which we have obtained in organization and economic arrangements. I believe that your prediction of future prosperity and peaceful development in Denmark is also absolutely correct.

Believe me,

Very truly,

Minister of Denmark

19 April 1920 (ms)

FOREWORD

THE position of Denmark in agriculture and shipping is at present a matter of particular interest to the United States as well as to the countries of Europe. The urgent demand for foodstuffs from the nations which have been impoverished by the war and whose territory has been devastated by military operations must, until they can resume production, be supplied by the countries which have been more fortunate. Denmark's contribution to the total amount of the world's export of food was normally of much importance. The Great War, however, was far-reaching in its effects and, together with a large increase in the commercial activity of the nation, brought serious difficulty to its agricultural industry. In the present international situation, the progress which Denmark has made toward normal food production since the signing of the armistice and the position which her shipping has maintained in supplying at least a part of the demand for ocean tonnage are of unusual significance. The following study on this subject has been prepared by our Statistical Department.

BROWN BROTHERS & CO.

March, 1920.



Copenhagen Harbor



WITH the demand for foodstuffs in the present period of reconstruction, Denmark by reason of her remarkable capacity as a producer of dairy and animal products is rapidly assuming a position of unusual prominence in international affairs. Although the country's output has been limited to a considerable extent by conditions arising out of the war, Denmark is one of the few nations of the world which at the present time have a surplus of food available for export. The large financial reserves accumulated during the period of high prices of the last five years are being utilized in extending the commerce of the country and in bringing about more normal conditions in its agricultural industry.

Normal Production of Foodstuffs

Denmark is one of the most highly developed food producing nations in the world. Nearly two-thirds of the land, divided into farms averaging about 35 acres each, is under intensive cultivation. In 1914 the number of cattle to the square mile was nearly twice as great as in the leading cattle states of America. Denmark had at that time in proportion to its population a larger number of dairy cows than any country in Europe and held a leading position in the relative size of its stocks of swine and poultry.

Before the war the total annual output of Danish agricultural products was valued at about \$268,000,000 of which more than one-half was exported. In 1914 Denmark was the largest exporter of butter in the world. There were 1,503 dairies with an aggregate annual production of about 128,742 tons of butter and 17,123 tons of cheese. It is interesting to note that, due to the scientific methods of feeding employed by the Danish farmers, the average annual yield of milk per



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A busy spot in Copenhagen's financial district

cow amounted in normal times to 6,400 pounds. This compares with a record of 3,700 pounds in the United States. Denmark's position in the meat industry was nearly as important as its supremacy in butter. In 1912, according to official statistics, Denmark ranked in world importance second only to the United States in the value of her exports of animal food products. Shipment to foreign countries in 1913 of such commodities, consisting chiefly of bacon and pork, amounted to 188,878 tons valued at \$50,783,000. This was equal to more than one-third the value of all the meat products exported from the United States in the same year. In addition, Denmark far surpassed the United States in the export of live animals which, including horses, in 1913 amounted in value to more than \$18,400,000. The country also had a large foreign trade in eggs and various other provisions which brought the amount of her export business in 1913 from foodstuffs alone to approximately \$148,442,520. This gave Denmark rank at that time as one of the principal food exporting nations in the world.

Markets for Danish Food Products

Denmark normally shipped more than one-half of her total exports to Great Britain although profitable trade relations

had been established with other countries. During the decade immediately preceding the war, Danish standardized meat and dairy products had gradually assumed a leading position in London and the important cities in the eastern part of England. In 1914 forty per cent of the pork products, more than twenty per cent of the eggs and nearly one-half of all the butter imported into England were of Danish origin. In actual quantities these percentages amounted to 168,527 tons of pork, 36,119,160 dozens of eggs and 185,470,130 pounds of butter with a total value of approximately \$100,000,000.

The Danish producers won their position in the British markets by their far-sightedness and versatility in adapting the variety and quality of their foodstuffs to the requirements of the consumers. It has been stated that normally the butter of no other important exporter was sold in England at such a uniformly high price as that from Denmark.



Frederiksborg Castle—in the beautiful environs of Copenhagen



A busy spot in Copenhagen's financial district

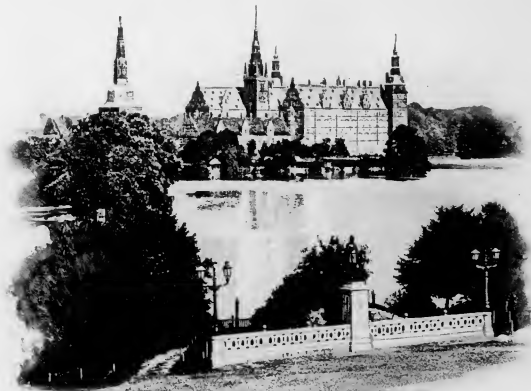
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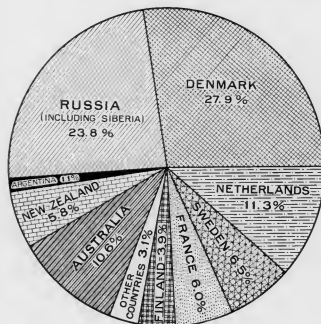
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The quality of all Danish meat and dairy products is guaranteed by nationally recognized trademarks. These trademarks, by means of a numbering system, which has been developed even to the extent of marking individual eggs, definitely fix responsibility for impure or inferior goods on the actual producer. This plan has proved invaluable to Danish exporters in securing the confidence of the consumers in the purity of Danish foodstuffs.



The world's export of butter before the war

prosperity to the Danish farmers. This was reflected in a wide-spread improvement of conditions in the agricultural districts. Labor-saving machines for ploughing and harvesting were imported in large quantities and have served to strengthen greatly the position of Denmark's farming industry.

In February 1917 the submarine campaign cut off the supply of raw materials from abroad. Oil cakes and corn to feed the cattle and pigs were no longer available in sufficient quantities. The oils and fats for the manufacture of margarine—largely used by the Danes themselves in place of butter—could not be obtained and the lack of imported

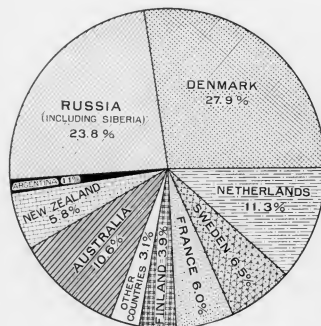
Effects of the War

During the first three years of the Great War, Denmark was called upon to furnish food supplies in larger quantities than ever before in her history. The total export of animals, meat and dairy products rose from \$127,702,000 in 1913 to \$208,906,000 in 1916, or nearly 64 per cent. Higher prices resulting from the abnormal demand for food brought unprecedented



Top at left—Hundreds of cheeses in warehouse ready for shipment to foreign markets. At right—Packing prize butter for export to Great Britain. Below—Making cheese on a large scale in one of Denmark's model dairies

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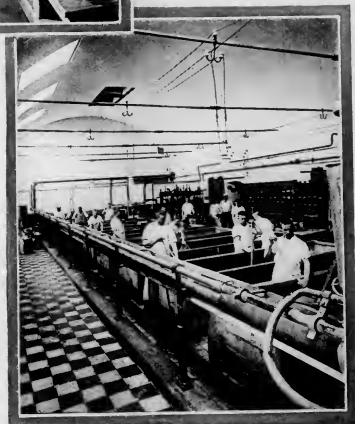
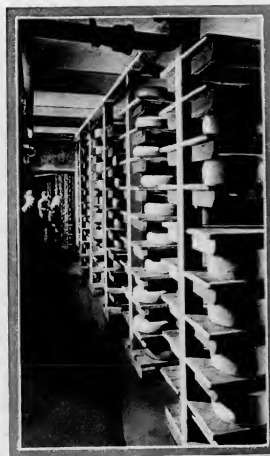
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A picturesque survival of old Denmark

fertilizers resulted in decreased production from the land. In spite of their greatly increased wealth it was only by the exercise of strict economy that the Danish farmers were able during the two years that followed to maintain their stocks of cattle and prevent the soil of their farms from becoming impoverished. Exports of meat and dairy products naturally fell to a fraction of the normal figures and the stocks of animals

and poultry were necessarily cut down considerably. The number of cattle, which in 1914 amounted to 2,463,000 head, decreased somewhat more than ten per cent; the number of fowl declined about one-third to 9,884,000 and the number of pigs, which normally was nearly 2,500,000, fell about 75 per cent. This reduction was carried on, however, in a scientific manner so that the actual loss was substantially less than it would appear. Great care was exercised to retain the strongest and best animals and when the war ended the supply of livestock was not as seriously impaired as might otherwise have been the case.

On finding themselves temporarily handicapped in their normal occupations, the Danish farmers with characteristic versatility turned to various other enterprises. The cultivation of beets and other vegetable roots for fodder was greatly increased in order to supply at least part of the requirement for corn and oil cakes. In addition, the raising of agricultural and vegetable seed, in which Denmark had long been prominent, was actively developed. This industry, which normally yielded for export about \$1,000,000 annu-

ally, was greatly extended and is expected to become one of the important factors in the future foreign trade of the country. In fact, in the first nine months of 1919 Denmark exported more than \$3,000,000 worth of seed.

Denmark after the Armistice

The signing of the armistice brought an end to the period of Denmark's isolation. The Danish farmers turned to their former markets for the purchase of corn, oil cakes and fertilizers. Total imports from the United States in 1919 including transit goods amounted to \$163,965,478 as compared with \$11,353,845 in 1918. The effect of the opening of the markets of America is indicated in the improved situation in Denmark in 1919. The number of cattle in July 1919 was 2,188,000, indicating a gain of 64,000 head



Old methods of farming have been largely replaced in recent years by use of modern machinery



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*In Denmark's famous dairying
and agricultural country*

over the record for 1918 and poultry, with a total of about 12,250,000, was approaching normal figures. The number of pigs increased from 621,000 in 1918 to 918,000 in January of the present year. Moreover, the harvest for 1919, according to recent estimates, showed a decided improvement over the previous year and in some respects even over the period before the war. The wheat crop amounted to 177,000 tons as compared with an average yield of 163,000 tons during the five years preceding 1914. The yield per acre showed an improvement of seven per cent. The harvest of barley and mixed grain amounted to 588,000 tons and 418,000 tons respectively compared with 601,000 tons and 398,000 tons representing average crops during the five years before the war. The crop of vegetables in 1919 was particularly satisfactory, amounting to 15,928,200 tons as compared with an average yield of 14,971,220 tons in normal times. The total value of the 1919 harvest is estimated at \$268,000,000. A substantial part of this amount was represented by potatoes and sugar beets which are becoming increasingly important in the foreign trade of the country.

Denmark maintained her strength as a food producing



*Kronborg Castle—at
the entrance to the Sound*

Danish farm scene



Photos by J. R. McMahon of "The Country Gentleman"



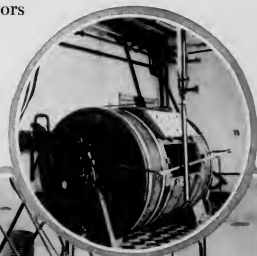
One of the country's cooperative dairies

nation remarkably well in the difficult situation in which the war placed her. At the present time, with the pressing demand for foodstuffs, the country is resuming its former trade. In this, Denmark has been handicapped probably more by adverse rates of foreign exchange than by the loss of livestock due to the war. The fact that the Danish farmer is compelled to pay the high premium on exchange in addition to the increased cost of oil cakes, corn and fertilizers must serve in some degree at least to limit production unless goods can be disposed of at high prices. However, according to official reports for the first nine months of 1919, Denmark exported \$83,501,028 worth of food products in addi-

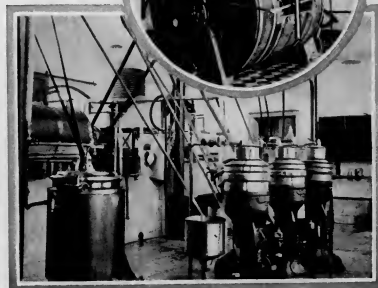
tion to live animals to the value of \$5,582,976. Since that time a rapid improvement has been made in the production of the principal foodstuffs which is steadily increasing the surplus available for export. Moreover, the financial and political interests of the country are at present making a concerted effort to correct the unfavorable trade balance and thus remove the handicap caused by adverse rates of foreign exchange. A systematic attempt is being made to prevent the importation of non-essential articles. In addition, according to recent reports, rationing of certain commodities has been adopted in order to increase the amount of goods that the country can export. Measures of this sort should have a marked effect in improving Denmark's trade position and consequently give fuller scope to her productive capacity. During the past few months new markets for Danish foodstuffs have been developed which, as soon as the country can again reach normal levels of production, should prove to be important factors in her future prosperity.

The Cooperative System

Denmark owes her prominent position in



In the circle—A cooperative churn that makes half a million pounds of butter annually. Below—A battery of cream separators with yearly capacity of about 13,000,000 lbs



Photos by J. R. McMahon of "The Country Gentleman"

Danish farm scene



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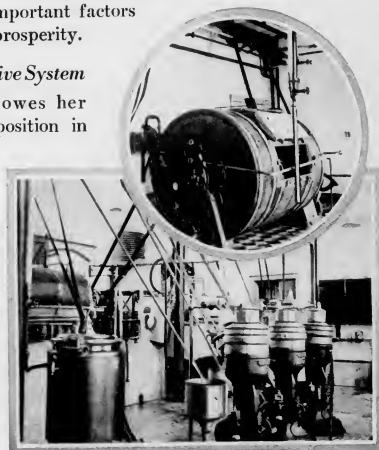
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The harbor

*Scenes in Copenhagen,
Denmark's beautiful
capital, the center of
the commerce, finance
and industry of the
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One of the city's canals



*A market section
in Copenhagen*



*The Stock
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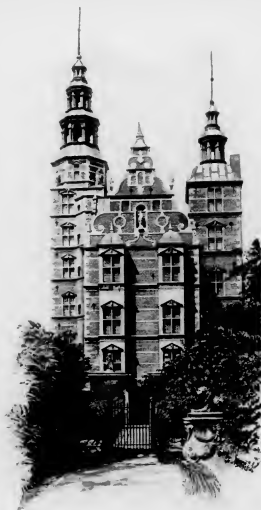
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Rosenborg Castle, Copenhagen

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milk was quickly instituted and each farmer was made responsible for the quality of the milk that he furnished the dairy. The profits made by the society were paid to the members in proportion to the amount of milk which they supplied. The results were so favorable that other societies for various purposes were developed on a similar plan and the system gained favor rapidly throughout the entire country. The export of food products rose from \$53,716,900 in 1895 to \$148,442,520 in 1913. As an indication of the transformation which took place during this period, Denmark changed from a grain exporting nation to an importer of grain and corn. The cooperative idea has been developed and extended so that it now applies to societies not merely for practically every branch of agricultural industry but for the export of farm products and the import of necessities.

The Cooperative System developed the agriculture of Denmark on the lines of organized industry. It has been further extended in recent years by coordinating the separate societies by means of the Central Cooperative Com-



Royal Theatre, Copenhagen



Rosenborg Castle, Copenhagen

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Royal Theatre, Copenhagen



Chalk cliffs on the island of Moen

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Shipping

In normal times, shipping together with agriculture formed the chief sources of Danish prosperity. As early as the sixteenth and seventeenth centuries Denmark had taken an active part in the overseas trade of the world. During the fifty years before the war Danish shipping was developed to

a marked degree. Regular steamship routes were established with practically all the other European countries, with North and South America, Africa, Australia and the Far East. In addition, the country acquired a large fleet of tramp steamers. According to Lloyd's Register, during the decade preceding 1914 the size of the Danish merchant marine, which in that year amounted to 820,181 tons, had been increased nearly 40 per cent. In addition, there was a great increase in efficiency during this period resulting from the more general use of steamers in place of sailing vessels.

Danish shipping prospered during the war in spite of the losses incident to war-time navigation. It has been estimated that the gross profits of the country's mercantile fleet rose from about \$26,800,000 in 1914 to approximately \$107,200,000 in 1917, or 300 per cent. The net earnings for these years are estimated at \$13,400,000 and \$42,880,000 respectively. This greatly increased earning power, resulting from the world-wide demand for ships, brought a corresponding increase in the aggregate value of the country's merchant fleet. Before the war the cost of new ships in Denmark averaged

about \$40 per dead-weight ton. By the end of 1917 the price had risen to nearly



Reclaiming the soil in Jutland—before and after





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Danish shipping prospered during the war in spite of the losses incident to war-time navigation. It has been estimated that the gross profits of the country's mercantile fleet rose from about \$26,800,000 in 1914 to approximately \$107,200,000 in 1917, or 300 per cent. The net earnings for these years are estimated at \$13,400,000 and \$42,880,000 respectively. This greatly increased earning power, resulting from the world-wide demand for ships, brought a corresponding increase in the aggregate value of the country's merchant fleet. Before the war the cost of new ships in Denmark averaged

about \$40 per dead-weight ton. By the end of 1917 the price had risen to nearly



Reclaiming the soil in Jutland—before and after





\$268 a ton. The possibility of losing the nation's merchant marine from the attractiveness of these high prices for shipping became greater perhaps than the danger of war losses. The government accordingly made rulings that no ships should be sold outside of the country and

that the insurance paid on destroyed tonnage should be devoted to the construction of new vessels. Denmark's merchant fleet may, therefore, be expected within a reasonable time to regain at least its normal size.

Contrary to general expectations, no great falling off in revenue from Danish shipping occurred after the signing of the armistice. The continued world demand for tonnage brought large earnings to Denmark's merchant marine during 1919. Danish vessels, no longer hampered by war restrictions, have resumed their normal trade routes to a large extent. Moreover, the losses of shipping caused by the war are being replaced. As of June 30th 1919 Denmark had a merchant fleet of 702,436 tons with 57,771 tons under construction.

Copenhagen

Copenhagen, the capital of Denmark, is the center of the Danish shipping industry and at present ranks as the most important port in Northern Continental Europe. Strategically situated at the entrance to the Baltic Sea, this city is a natural distributing point not only for Denmark but for all the Baltic countries. In 1895 Copenhagen established its Free Port where foreign goods can enter and be transhipped to other countries free of customs duties. The extent to which the Free Port has developed the transit trade

of Copenhagen is indicated by the fact that the tonnage of ships using the free harbor increased from 260,096 tons in 1895 to 1,801,299 tons in 1913. Before the war the total amount of tonnage entering the Port of Copenhagen was larger than that of any American port with the exception of New York. In recent years the Free Port has been greatly improved and extended and at the present time is one of the best equipped in Europe. The harbor has extensive warehouses, grain elevators, coaling depots with electric cranes, large shipyards with dry-docks and practically every modern facility for the handling and transshipment of goods. It is expected that with the development of the commerce of the new Baltic countries in addition to the general expansion of the trade of Northern Europe, Copenhagen will hold an even more important position than it has held in the past. To meet this anticipated traffic, both the old harbor and the Free Port are being greatly enlarged and improved.

Copenhagen holds a position of unique importance as compared with other capitals of the world. The city itself has



Danish countryside



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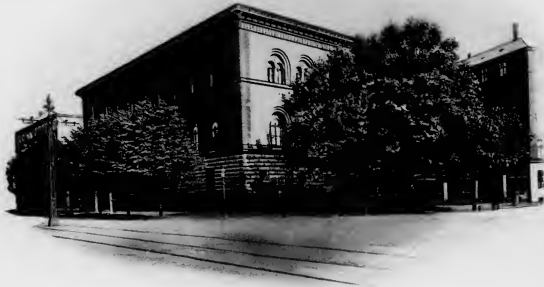
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The National Bank of Copenhagen

a population of about 550,000, or nearly one-fifth that of the entire country. This does not include the 99,400 inhabitants of Frederiksberg, which is practically a part of Copenhagen. According to official statistics for 1916, the combined population of Copenhagen and Frederiksberg was nearly ten times as great as that of the next largest city in Denmark. In addition to its preeminent position in Danish shipping, Copenhagen is the industrial and financial center of the nation. Probably no other country in the world is as dependent on its capital as is the case in Denmark.

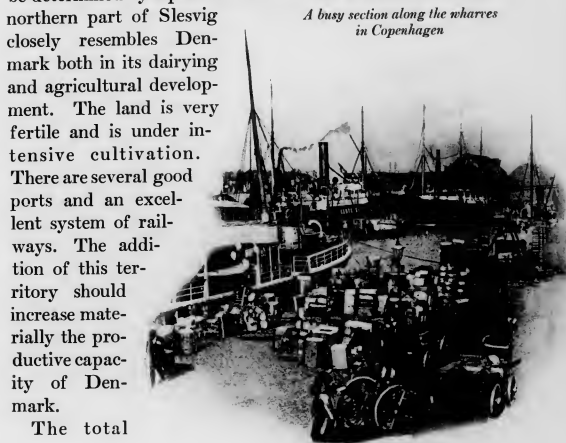
Wealth

The wealth of the Danish people in 1919 was officially estimated for taxation purposes at \$2,583,520,000 and their annual income at about \$658,744,000. In 1909 the corresponding amounts were \$1,225,641,000 and \$197,246,000 respectively. On the basis of the estimate for 1919, nearly one-third of the wealth and more than 40 per cent of the nation's income accrued to the inhabitants of Copenhagen. The increase in the wealth of the nation in the past two years has been unusual and has added greatly to the taxing power of the government. It is expected that with

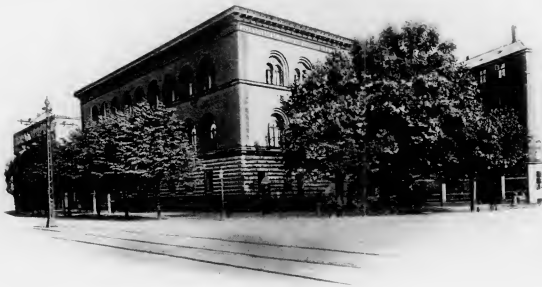
the increased rates of tax now in force the state will add substantially to its revenues in the present year and more nearly cover the extraordinary expenditures for post-war reconstruction than in 1919.

The above figures for wealth refer only to the inhabitants of Denmark proper and do not include the value of state and municipal property. The Danish possessions include the Faroe Islands and Greenland. In addition, Iceland is governed by Christian X, the King of Denmark. The total wealth of the nation will be greatly increased by the recent return of a part of the former Danish province of Slesvig. By the plebiscite held in February 1920 in accordance with the terms of the Treaty of Versailles, Denmark is to regain an area of about 1,505 square miles. This territory is somewhat larger than the State of Rhode Island and had in 1910 a population of 167,000. The future of an additional section of 510 square miles, with a population of about 109,000, will be determined by a plebiscite to be held in March 1920. The

A busy section along the wharves in Copenhagen



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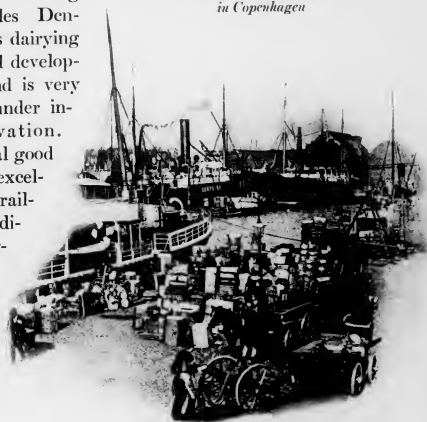
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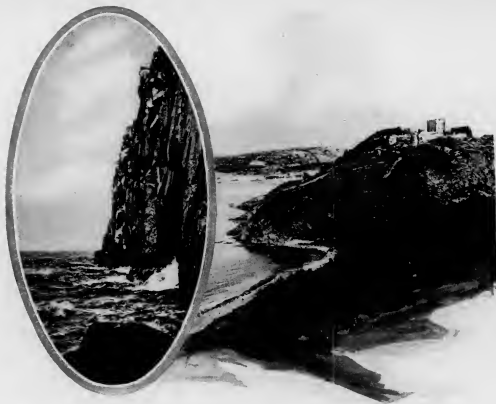
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northern part of Slesvig closely resembles Denmark both in its dairying and agricultural development. The land is very fertile and is under intensive cultivation. There are several good ports and an excellent system of railways. The addition of this territory should increase materially the productive capacity of Denmark.

The total





Scenes from the picturesque island of Bornholm. Below at left—The famous "sea-dogs"



The Thorvaldsen Museum, Copenhagen

value of state property as of March 31st 1918 amounted to nearly \$300,000,000. Of this, \$92,060,000 represented the value of state railways which include more than one-half the 2,600 miles of railroad in the country. The telegraph system, which is also owned by the state, was carried at a value of \$4,670,000.

Debt

In 1913 the Danish national debt was relatively small, amounting to only about \$33.40 per capita. Of a total debt of \$95,579,250 in that year, \$22,606,340 was internal and \$72,972,910 external. The country's loans issued in normal times bore the comparatively low rates of interest of $3\frac{1}{2}$ per cent and 4 per cent. In this connection it is interesting to note that, as a result of the unusual position held by the Danish capital, the loans of Copenhagen were normally sold to bankers on nearly as low a basis as the loans of Denmark. In order to meet the demands placed on the country by the war and the reconstruction following the signing of the armistice, the amount of internal obligations of the nation was greatly increased. As of March 31st 1919 the total debt



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Shipping in the harbor of Copenhagen

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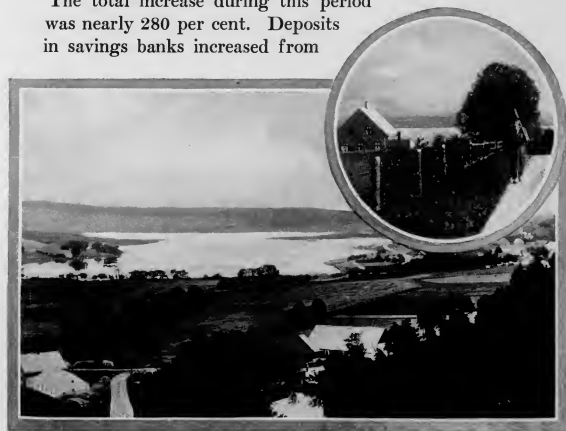
Banking Position

The prosperity which came to Denmark during the war is reflected in her strong banking position. In spite of large increases in note circulation, which rose from \$41,915,200 in

1914 to \$131,145,120 at the end of 1919, the gold reserves of the nation have been well maintained. As of December 31st 1919 the ratio of gold reserve to circulation was about 46 per cent. On the same date the corresponding ratio in Norway was 33 per cent, in Sweden 39 per cent, in England 27 per cent and in the United States 48 per cent. The increase in bank deposits in Denmark during the war is indicated in the following table of the deposits of the five leading banks in Copenhagen. The figures are taken from a recent study on this subject.

July 31st	1914	.....	\$167,151,600
Dec. 31st	1914	.....	179,399,200
"	1915	.....	243,183,200
"	1916	.....	394,817,600
"	1917	.....	482,078,400
"	1918	.....	615,328,000
May 31st	1919	.....	633,150,000

The total increase during this period was nearly 280 per cent. Deposits in savings banks increased from



Agricultural land under intensive cultivation



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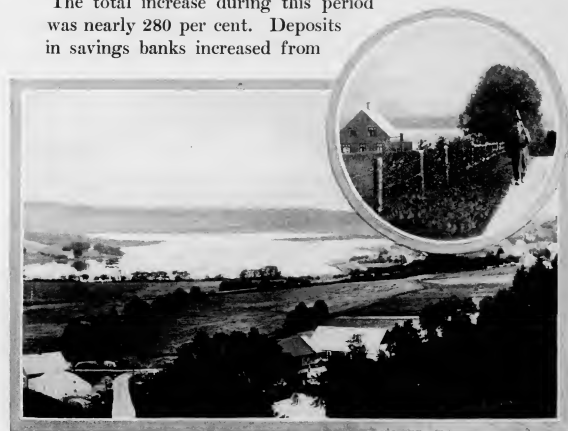
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\$229,944,000 as of March 31st 1914 to \$389,806,000 on March 31st 1919. The average annual increase during this period amounted to \$31,972,400 as compared with a normal increase of \$6,700,000 a year in the period before the war. The number of depositors, according to the official report for 1917, was 1,513,806, or 52 per cent of the total population of Denmark. On this basis the average savings bank deposit as of March 31st 1919 was approximately \$258. With

the thrift which is characteristic of the Danish people, the profits derived from the war have thus been accumulated as a reserve to provide for the future requirements of the commercial and agricultural development of the nation.

Conclusion

The future of Denmark's commerce and agricultural industry is dependent in a degree on the solution of the international problems now confronting the nations of Northern Europe. Copenhagen will in any event hold in the future an important position as a transit port just as she has held it in the past. In addition, as the new and densely populated countries created under the Treaty of Versailles along the Eastern Coast of the Baltic Sea develop foreign markets for their manufactures and vast stores of natural resources, Copenhagen should obtain a large proportion of this transit trade and assume a leading position among the ports of the world. The demand for Danish

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**END OF
TITLE**